



## **CITY OF HAYWARD**

### **AGENDA REPORT**

AGENDA DATE 06/27/00  
AGENDA ITEM 10  
WORK SESSION ITEM       

**TO:** Mayor and City Council

**FROM:** Director of Community and Economic Development

**SUBJECT:** Review and Consideration of Revised **ABAG** Regional Housing Needs

#### **RECOMMENDATION:**

It is recommended that the City Council review this report and provide **direction** to staff with regard to the preparation of comments to be forwarded to the Association of Bay Area Governments.

#### **BACKGROUND:**

On December 1, 1999, the Association of Bay Area Governments (**ABAG**) released the preliminary Regional Housing Needs Determinations for review and comment by local jurisdictions. The Housing Needs Determinations represent housing production **goals** by various income categories for the 1999-2006 period, which is the time frame that must be addressed in the next update of each local jurisdiction's Housing Element. The preliminary Housing Needs Determinations were reviewed with the City Council on December 7, 1999.

On February 1, 2000, **ABAG** re-released the Housing Needs Determinations and restarted the 90-day review period. Apparently, the purpose of the new release was to reflect concerns of the State Department of Housing and Community Development that allocations assigned to the unincorporated areas of cities' Spheres of Influence would not be appropriately planned for. Although the Determinations were unchanged, the new release included a provision that allowed a county and a city to share in the responsibility for meeting the housing need identified for unincorporated areas within the city's Sphere of Influence. Absent such an agreement, the county would continue to bear full responsibility for meeting this housing need. Alameda County staff did not pursue discussion of this issue with City of Hayward staff.

The City's comments on the preliminary Housing Needs Determinations were forwarded to **ABAG** on April 28, 2000 (see Exhibit A). **ABAG's** response is contained in a letter dated May 16, 2000 (see Exhibit B).

During the official local review period, **ABAG** staff presented progress reports to the Executive Board. In addition to the concern about unincorporated areas within Spheres of Influence, there were concerns about the differing impacts of the jobs/housing-weighting ratio on various cities. **ABAG** staff felt that the methodology significantly burdened those parts of the region that

already produce housing, and conversely, does not place sufficient housing responsibilities on those jurisdictions that are producing significantly more jobs than housing. As a result, the Executive Board directed **ABAG** staff to explore possible modifications to the Regional Housing Need Determinations methodology. After a series of meetings and considerable discussion among members of **ABAG's** Housing Methodology Committee, the Executive Board adopted substantial revisions to the methodology on May 18, 2000.

On June 1, 2000, **ABAG** released the revised Regional Housing Needs Determinations (see Exhibit C). A comparison of the preliminary and revised Housing Needs Determinations for Hayward is presented in the table below. The official local review period ends on August 31, 2000. The current deadline for adoption of Housing Element updates in the Bay Area is June 30, 2001. However, because of the delays due to extended debate over the Regional Housing Needs Determinations, **ABAG** is supporting legislation (**AB1744-Longville**) that would extend this deadline for six months to December 31, 2001.

Comparison of **Preliminary** and **Revised ABAG** Regional Housing Needs Determinations  
1999-2006  
Hayward Sphere of Influence (SOI)

City of Hayward Need	Unincor- porated SOI Need	Total Projected Need	Very Low Income	LOW Income	Moderate Income	Above Moderate Income
<b><i>Preliminary Housing Needs Determinations</i></b>						
<b>1,861</b>	<i>n.a.</i>	<b>1,861</b>	<b>411</b>	<b>232</b>	<b>544</b>	<b>674</b>
<b>Revised Housing Needs Determinations</b>						
<b>2,711</b>	<b>124</b>	<b>2,835</b>	<b>625</b>	<b>344</b>	<b>834</b>	<b>1,032</b>

## DISCUSSION:

According to the revised Regional Housing Needs Determinations, the housing production target for Hayward over the 1999-2006 period is 2,835 housing units, or an average of about 405 units per year. The preliminary housing production target was 1,861 housing units, or an average of about 266 units per year. For purposes of comparison, the **annual** average for new housing construction in Hayward over the past seven years was also 266 units. However, during the past two years, new construction has averaged 469 units per year. The revised total housing need is higher than the preliminary number because of several significant changes in the methodology as explained below.

### 1) Housing Need in Unincorporated Areas within the Sphere of Influence

Whereas the county was previously assigned **full** responsibility for all of the housing need in unincorporated areas within a city's Sphere of Influence, that responsibility has now been split between the county (25%) and the city (75%). The Executive Board stipulated that a different ratio could be negotiated by a county and a city within the **90-day** review period. The housing need within the unincorporated areas of Hayward's Sphere of Influence is shown as 124 units.

### 2) Jobs/Housing Weighting Ratio

In order to shift more of the housing need to jobs-producing jurisdictions, the jobs/housing weighting ratio has been changed from 10% **jobs/90%** households to 50% **jobs/50%** households. This means that the housing need is now based equally on projected job growth and projected household growth. Since Hayward is projected to have substantially more job growth than household growth, this change resulted in the significantly higher total housing need for the City.

### 3) Distribution of Housing Need by Income Category

The Executive Board did not wish to consider any changes in the methodology relating to the distribution of housing need by income categories. However, since the total housing need increased substantially, there are corresponding increases in the target numbers for housing in each income category, including units affordable to lower- and moderate-income households. In 1998, the median household income in Alameda County, as well as the Bay Area, was \$63,300. Very low income households are those earning less than 50% of the median (or \$31,650); low income households are those earning between 50% and 80% of the median (or \$50,640); moderate income **households** are those earning between 80% and 120% of the median (or \$75,960); and above-moderate income households are those earning above 120% of the median.

City staff has several concerns with the recent revisions to the methodology and, in particular, their impact on Hayward. These concerns are summarized below.

#### Sphere of Influence Allocation Modification

It appears that the basis for assigning to a city the housing needs of unincorporated areas within the city's Sphere of Influence lies in the assumption that housing production will not take place unless the city extends services to these areas. Where this is the case, such as with vacant, or undeveloped land at the edge of the urbanized area, cities do have an impact on housing production and, therefore, might bear some responsibility. However, in Hayward, most of the unincorporated areas within the Sphere of Influence (with the exception of the Mt. Eden area) are already developed and have the necessary urban services, and thus do not require extension of these services by the city in order for housing development to occur. Therefore, the City has no control over the production of housing in these areas and cannot be held accountable for addressing those housing needs. In the Mt. Eden area, the County is considering adoption of a redevelopment project that could assist in providing funding for extension of urban services.

For the above reasons, City staff does not support this adjustment in the methodology, even though it represents only a minor change in the revised housing need numbers for Hayward. As of this date, City staff has not pursued discussions with Alameda County concerning reallocation of this housing need. However, given **ABAG's** revised methodology as adopted, it is very important that this **methodology** be clarified to stipulate that a city will receive credit for those housing units built in any unincorporated area for which the city has been assigned the responsibility for meeting housing needs.

#### Modification of the Jobs/Housing Weighting Ratio

Notwithstanding the concerns of **ABAG** staff as noted above, it seems that principles of “smart growth” would encourage job growth in more developed urban centers. It may well be that the practical effect of the modifications to the jobs/housing-weighting ratio is to penalize further job growth in these urban centers and encourage dispersal of job growth to outlying residential communities.

Hayward is particularly impacted by the jobs/housing-weighting ratio by virtue of its unique political boundaries. Although Hayward is categorized as a “jobs-rich” city, it is bordered on the north and east by the unincorporated bedroom communities of Cherryland and Fairview, both of which are within Hayward’s Sphere of Influence. For example, while the City has a jobs/housing ratio of 2.08, the Sphere of Influence has a jobs/housing ratio of 1.80. Thus, while the City of Hayward appears to have a significant jobs/housing imbalance, the Hayward Sphere of **Influence** possesses a more reasonable balance of jobs and housing. However, under the revised methodology, only the City is expected to produce more housing, while the surrounding unincorporated communities are assigned less housing need. For the above reasons, city staff has not supported modification of the jobs/housing weighting ratio, and is especially concerned about the impact of increasing the ratio from 10% **jobs/90%** households to 50% **jobs/50%** households.

Given **ABAG's** revised methodology as adopted, it is very important that further modifications be considered in the overall methodology. This is especially appropriate since a substantial (75%) portion of the housing need within the unincorporated Sphere of Influence is to be assigned to the city. Specifically, the methodology should be revised to allow for consideration of the total number of existing and projected jobs and housing units within the city’s Sphere of Influence **prior** to calculating the existing and projected jobs/housing ratios. As noted above, although the City’s jobs/housing ratio is 2.08, the jobs/housing ratio for the Sphere of Influence is 1.80. In terms of projected growth, the City’s ratio is 5.46, and the ratio for the Sphere of Influence is 4.06. The slight differences in these ratios, when incorporated in the methodology generate significant differences in the housing need numbers.

#### Distribution of Housing Need by Income Category

The City’s primary concern with the Regional Housing Needs Determinations continues to be the inequitable distribution of the housing need by income category. There has been an ongoing effort by the City to achieve a balance between lower, moderate and upper income housing in

Hayward. This effort includes the promotion of ownership housing. Many older cities, like Hayward, have responded in the past to the need for affordable housing in ways that other newer cities have not. As a **result**, there are significant disparities in ~~the~~ existing distribution of **lower**-income households among cities throughout the region.

The City supports **ABAG's** efforts to recognize local jurisdictions that have historically produced affordable housing and to rectify existing inequities in the distribution of lower-income households. The City specifically supports the goal of moving the existing distribution within each jurisdiction toward the existing regional distribution. However, the methodology adopted by **ABAG** simply does not go far enough and serves only to ensure the status quo. Jurisdictions that have historically produced affordable housing will continue to be overburdened by being assigned a disproportionate share of low and very-low income housing units based on their existing distribution. **ABAG** must endeavor to achieve consensus on a more equitable approach in the **final** Housing Needs Determinations.

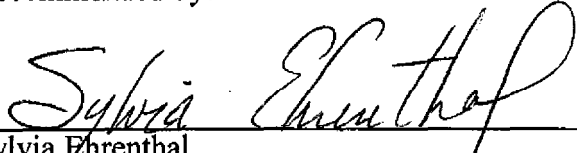
#### SUMMARY:

In conclusion, staff is requesting direction from the City Council with regard to preparation of a letter to be forwarded to the Association of Bay Area Governments. Based on the above discussion, staff is proposing that the letter incorporate the following comments. With regard to the Sphere of Influence issue, the City of Hayward should not be assigned any of the unincorporated area housing need as called for in **ABAG's** methodology. If the city is assigned some portion of this housing need, the methodology should be clarified to stipulate that a city will receive credit for those housing units built in any unincorporated area for which the city has been assigned the responsibility for meeting housing needs. With regard to the jobs/housing weighting ratio, the methodology should be revised to allow for consideration of the total number of existing and projected jobs and housing units within the city's Sphere of Influence **prior** to calculating the existing and projected jobs/housing ratios. Finally, it is requested that **ABAG** revisit the issue of distribution of the housing need by income category and adopt a new approach and methodology in the **final** Regional Housing Need Determinations,

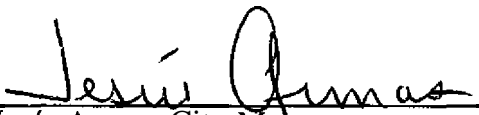
Prepared by:

  
\_\_\_\_\_  
Gary Calame, Senior Planner

Recommended by:

  
\_\_\_\_\_  
Sylvia Ehrenthal  
Director of Community and Economic Development

Approved by:

  
\_\_\_\_\_  
Jesus Armas, City Manager

Attachments:

Exhibit A	Letter to Association of Bay Area Governments dated April 28, 2000
Exhibit B	Letter to Sylvia Ehrenthal from <b>ABAG</b> dated May 16, 2000
Exhibit C	Revised Regional Housing Needs Determinations (June 1, 2000)



C I T Y O F  
**HAYWARD**  
 HEART OF THE BAY

April 28, 2000

Mr. Ales Amoroso, Senior Regional Planner  
 Association of Bay Area Governments  
 P.O. Box 2050  
 Oakland, CA 94604-2050

Dear Mr. Amoroso:

The purpose of this letter is to forward the City of Hayward's comments on the Regional Housing Needs Determinations initially released on December 1, 1999. City staff has reviewed these determinations with the City Council, and their comments are incorporated in the following paragraphs. In addition, city staff is providing its comments on the supplemental Regional Housing Needs Determinations released on February 1, 2000. It is our understanding that ABAG will soon be considering further revisions to the Regional Housing Needs Determinations. Consequently, the City may have additional comments once it has had the opportunity to review those revisions,

The City's primary concern with the Regional Housing Needs Determinations is the inequitable distribution of the housing need by income category. There has been an ongoing effort by the City to achieve a balance between lower, moderate and upper income housing in Hayward. This effort includes the promotion of ownership housing. Many older cities, like Hayward, have responded in the past to the need for affordable housing in ways that other newer cities have not. As a result, there are significant disparities in the existing distribution of lower-income households among cities throughout the region.

The City supports ABAG's efforts to recognize local jurisdictions that have historically produced affordable housing and to rectify existing inequities in the distribution of lower-income households. The City specifically supports the goal of moving the existing distribution within each jurisdiction toward the existing regional distribution. However, the methodology adopted by ABAG simply does not go far enough and serves only to ensure the status quo. Jurisdictions that have historically produced affordable housing will continue to be overburdened by being assigned a disproportionate share of low and very-low income housing units based on their existing distribution. ABAG must endeavor to achieve consensus on a more equitable approach in the final Housing Needs

Determinations. Therefore, the City requests that ABAG revisit the issue of distribution of the housing need by income category and adopt a new approach and methodology in any further revisions to the Regional Housing Need Determinations.

The City recognizes that the total regional housing need represents a compromise between ABAG and the State Housing and Community Development Department. Consequently, allocations for local jurisdictions are higher than regional forecasts of household growth as contained in Projections 2000. Although the total housing need for Hayward of 1,861 units appears reasonable at this time, consideration should be given to lowering the absolute numbers to take into account the inevitable fluctuations in economic cycles.

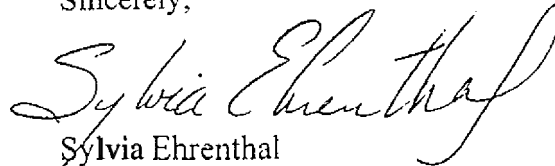
City staff offers the following comments to address the supplemental Regional Housing Needs Determinations released in February of this year. This is the first time that ABAG assigned numbers for the housing need for unincorporated areas within cities' Spheres of Influence. It would be helpful if ABAG provided more detailed documentation for the derivation of these numbers.

It appears that the basis for assigning housing needs of unincorporated areas within the city's Sphere of Influence is that housing production will not take place unless the city extends services to these areas. Where this is the case, cities do have an impact on housing production and, therefore, might bear some responsibility. However, in Hayward, most of the unincorporated areas within the Sphere of Influence (with the exception of the Mt. Eden area) already have the necessary urban services and do not require extension of services by the city in order for housing development to occur. Therefore, the City has no control over the production of housing in these areas and thus cannot be held accountable for addressing those housing needs.

For the above reasons, City staff has not pursued discussions with the County concerning reallocation of this housing need. It is very important that the methodology ultimately adopted by ABAG make it clear that a city will receive credit for those housing units built in any unincorporated area for which it has been assigned the responsibility for meeting housing needs.

Thank you for the opportunity to comment on the Regional Housing Needs Determinations. If you have any questions or need clarification with regard to these comments, please contact our Senior Planner, Gary Calame, at 583-4226.

Sincerely,

A handwritten signature in black ink, reading "Sylvia Ehrenthal". The signature is fluid and cursive, with the first name "Sylvia" and last name "Ehrenthal" clearly distinguishable.

Sylvia Ehrenthal  
Director of Community and  
Economic Development





May 16, 2000

**RECEIVED**

MAY 24 2000

PLANNING DIVISION

Sylvia Ehrenthal  
Director of Community and Economic Development  
City of Hayward  
777 B Street  
Hayward, Ca 94541-5007

Subject: ABAG Regional Housing Needs Determination for the City of Hayward

Dear Ms. Ehrenthal,

We have received your letter dated April 28, 2000 regarding the Preliminary Regional Housing Needs Distribution (RHND) numbers. After careful review of the issues identified in your letter, we would like to take this opportunity to respond to your comments regarding the City of Hayward's preliminary regional housing needs allocation.

Several factors must be acknowledged for a complete understanding of the 1999-2006 RHND process. First, the regional numbers supplied by the State Department of Housing and Community Development (HCD) are "goal numbers" and are not meant to match, and often exceed, projected growth in housing units. The RHND process provides the basis for each jurisdiction to update their general plans to accommodate future housing growth commensurate with their share of the region's projected housing need. Each jurisdiction receives its fair share allocation of housing need based upon a "regionally" developed methodology, and HCD's determination of regional need.

ABAG's growth forecast estimates likely long-range household and employment changes. It is based on the following:

- A local policy survey of each Bay Area city and county planning department focusing on existing policies and plans.
- ABAG's economic and demographic forecasts.
- State Department of Finance (DOF) estimates of growth.

The State's RHND, on the other hand, identifies the supply and affordability of housing that would, if met, make housing more accessible to existing and future Bay Area residents. The primary directive of the RHND process is a policy to ensure the "availability of decent affordable housing to all Californians of all economic levels". It is based largely on the following:

- State identified housing needs for the Bay area region, through a methodology that accounts for demolition, existing need, overcrowding, demographics and other factors.
- State Department of Finance (DOF) estimates of growth.

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

~~MAY 31 2000~~



PLANNING DIVISION  
M E M O

Date: May 30, 2000

To: Regional Housing Needs Determination jurisdiction Contacts

Cc: City and Town Mayors  
County Board of Supervisors Chairs and Presidents  
City, Town and County Managers and Administrators  
Community Development and Planning Directors  
(cc: without attachments)

From: Eugene Leong, Executive Director  
Alex Amoroso, Senior Planner

Re: Regional Housing Needs Determination 1999-2006  
Release of Preliminary Numbers

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This memo and attachments serve as official transmittal of the Regional Housing Needs Distribution (RHND) responsibilities for each Bay Area jurisdiction. The RHND numbers are being released for a third time, and a new **timeline** for the process is attached. As a result of ABAG Executive Board action, the methodology and allocations have been changed. These changes to the methodology and the RHND allocations are the result of extensive deliberations (and split votes on virtually every discussion point) at the May 18, 2000 Executive Board.

In making modifications to the methodology, the Executive Board took into consideration extensive feedback from jurisdictions. The Board evaluated the need to address ABAG "smart growth" policies and relate the RHND process to those policies. A focus of "smart growth" is jobs and housing balance, and planning for development to occur in urbanized areas. As a result, the revised methodology shifts housing allocations responsibility towards job producing areas. There is also an emphasis on cities taking a greater share of future housing growth within their spheres of influence. The Executive Board feels that this is more reflective of a city-centered and balanced development pattern that the Bay Area must move toward in the future.



The modifications to the methodology include:

- A **shift** in the jobs/housing weighting ratio used in the methodology. The new jobs to housing weighting ratio is **50/50**.
- A shift in **the** distribution of unincorporated sphere of influence (SOI). The new unincorporated **SOI** distribution is 75% of the allocations assigned to the cities and 25% assigned to the counties.

The Third Official **Release** information (June **1, 2000**) attached to this memo details the revised allocations for each jurisdiction. June 1 is the beginning of the **90** day local review and comment period. The schedule of dates related to the **RHND** process has been attached, and reflects the new **timeline** based upon the anticipated legislatively approved six month extension.

The RHND process is inherently controversial, and in recognition of this the Executive Board revisited the previously noted issues. However, it is not anticipated that the process will ever meet with full regional concurrence. With this in mind, we expect that this process will not be revisited again, nor will further **delays** be approved. It is important for **ABAG** to advance the **RHND** process to its conclusion near the beginning of 2001.

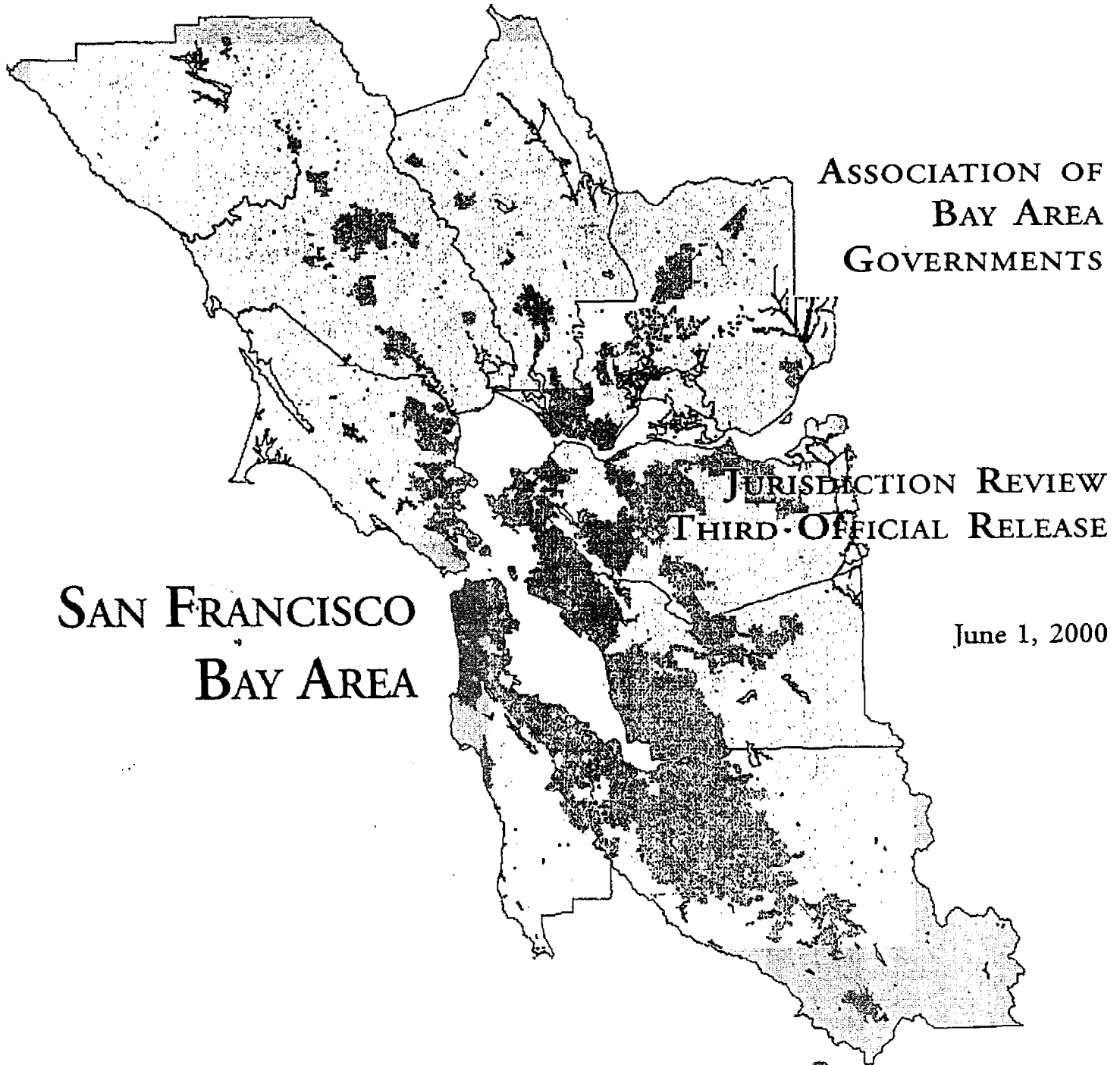
All of the information included as attachments for this memo can be found on the ABAG web site at ~~Should~~[www.abag.ca.gov/planning/housingneeds/99rhnd.htm](http://www.abag.ca.gov/planning/housingneeds/99rhnd.htm).  
you have any questions regarding this memo or related information, please contact Alex Amoroso (5 10) 464.7955 email: [AlexA@abag.ca.gov](mailto:AlexA@abag.ca.gov) or Kearey Smith (5 10) 464.7994 email: [KeareyS@abag.ca.gov](mailto:KeareyS@abag.ca.gov)

# REVISED SCHEDULE

January 1999	February 1999	March 1999	April 1999	May 1999	June 1999
		Initiate Housing Methodology Committee  Exec Board Approves Committee March 18	Housing Methodology Committee Meeting April 2 & April 22	Housing Methodology Committee Meeting May 14	Housing Methodology Committee Meeting June 4 & June 18 L&GO comments June 17
July 1999	August 1999	September 1999	October 1999	November 1999	December 1999
Executive Board Reviews Methodology July 15			HCD provides regional housing need numbers  Housing Methodology Committee meetings to review draft numbers and methodology  Staff uses methodology -Draft Local Numbers	Executive Board approves methodology  ABAG staff releases the regional numbers  HCD formally approves local share results  90-day review period begins	
January 2000	February 2000	March 2000	April 2000	May 2000	June 2000
	90-day review period re-initiated by ABAG Executive Board (February 1)		Deadline for jurisdictional comments on Regional Allocation numbers  (April 30) 90-day review period ends	Executive Board meeting to discuss methodology  (May 18)	90-day review period re-initiated by ABAG Executive Board (June 1)
July 2000	August 2000	September 2000	October 2000	November 2000	December 2000
	Deadline for jurisdictional comments on Regional Allocation numbers  (August 31) 90-day review period ends	ABAG 60-day response to comments period begins  (September 1)	ABAG response to jurisdictional comments due (October 30)	Executive Board approves final numbers  (November 16)	Local jurisdictions begin process of revising Housing Elements  (December 1) Appeals process initiated (if necessary)
January 2001	February 2001	March 2001	April 2001	May 2001	June 2001
ABAG response to Appeal Set Hearing dates	Appeal Hearing(s)				
Revised as of May 30, 2000					

# REGIONAL HOUSING NEEDS DETERMINATIONS

1999-2006 Housing Element Period

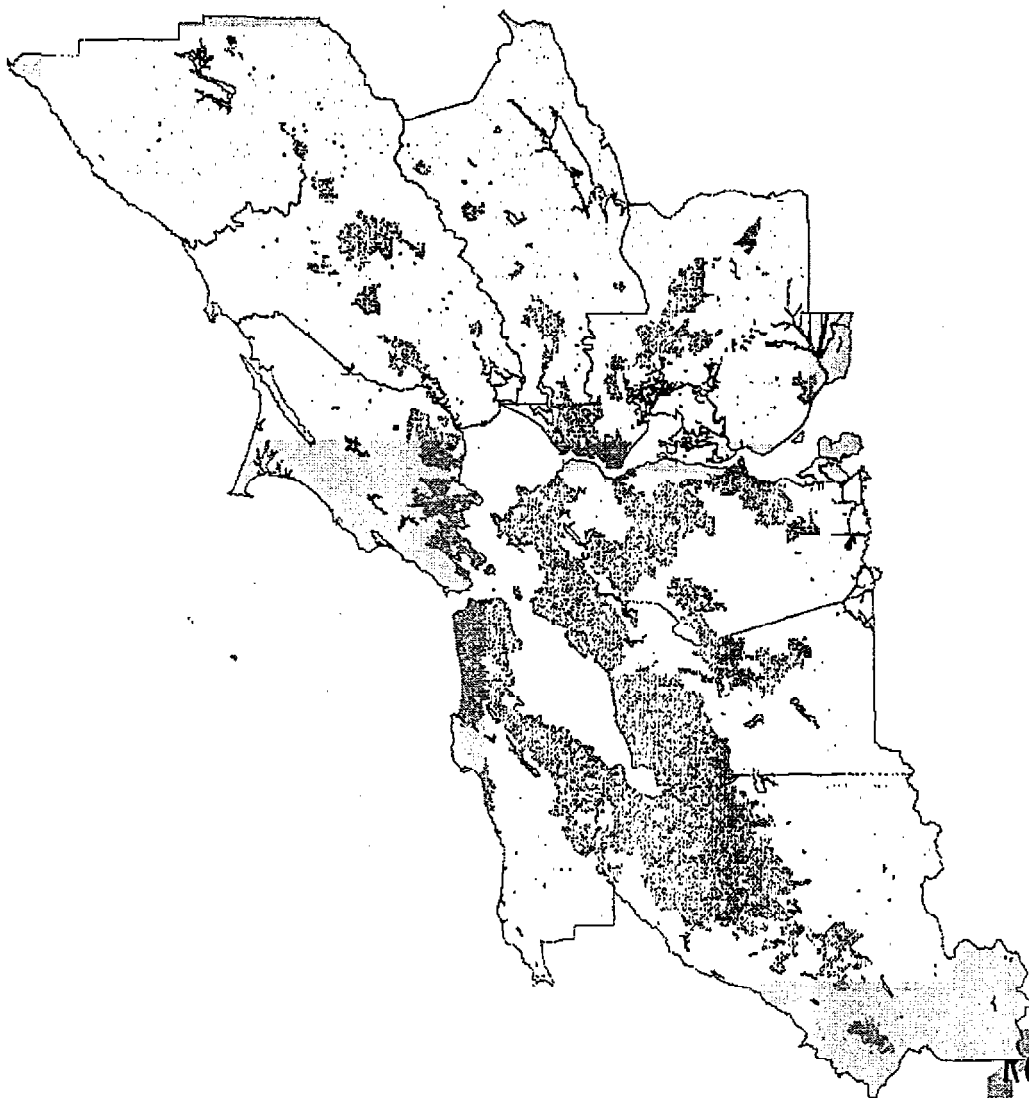


ABAG Regional Housing Needs Determination  
Allocation Distributed By Income Category  
1999-2006 Distribution Cycle  
San Francisco Bay Region

HCD Regional Housing Need  
230,743

Column 3

JURISDICTION	Total Projected Need	Very Low	Low	Moderate	Above Moderate
ALAMEDA COUNTY	46,793	9,910	5,138	12,476	19,269
CONTRA COSTA COUNTY	34,710	6,683	3,782	8,596	15,649
MARIN COUNTY	6,515	1,241	618	1,726	2,930
NAPA COUNTY	7,063	1,434	1,019	1,775	2,835
SAN FRANCISCO	20,372	5,244	2,126	5,639	7,363
SAN MATEO COUNTY	16,305	3,214	1,567	4,305	7,219
SANTA CLARA COUNTY	57,991	11,424	5,173	15,659	25,735
SOLANO COUNTY	18,681	3,697	2,638	4,761	7,585
SONOMA COUNTY	22,313	4,411	3,029	5,879	8,994
REGIONAL TOTAL	230,743	47,258	25,090	60,816	97,579



ABAG Regional Housing Needs Determination  
Allocation-Distributed By Income Category  
1999-2006 Distribution Cycle  
Alameda County

HCD Regional Housing Need  
230,743

	Column 1	Column 2	Column 3				
JURISDICTION	Jurisdiction Need	Uninc. SOI Need	Total Projected Need	Very Low	Low	Moderate	Above Moderate
ALAMEDA	2,162	0	2,162	443	265	611	843
ALBANY	277	0	277	61	33	0	103
BERKELEY	1,269	0	1,269	354	150	310	455
DUBLIN	4,741	695	5,436	796	531	1,411	2,698
EMERYVILLE	777	0	777	178	95	226	278
FREMONT	6,708	0	6,708	1,079	636	1,814	3,179
HAYWARD	2,835	124	2,959	625	344	830	1,032
LIVERMORE	4,199	91	4,290	875	482	1,403	2,397
NEWARK	1,250	0	1,250	205	111	317	587
OAKLAND	7,733	0	7,733	2,238	969	1,959	2,567
PIEDMONT	49	0	49	6	4	39	29
PLEASANTON	4,917	113	5,030	719	455	1,239	2,617
SAN LEANDRO	870	0	870	195	107	251	317
UNION CITY	1,951	38	1,989	338	189	559	865
Unincorporated Remainder	4,682	629	5,311	1,785	767	1,395	1,364
Alameda County Total			46,792	7,710	3,730	10,776	19,269

Note:

Column 2: Per Executive Board Action, City receives 75% of Unincorporated SOI RHND Allocation, County receives 25%.  
Independent rounding may affect totals.

